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C O N F I D E N T I A L ABU DHABI 00356

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C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 000356

SIPDIS

STATE FOR NEA/ARPI, S/CT, INL/ENT, EB/ESC  
STATE PASS FEDERAL RESERVE  
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NSC FOR PATRICK HEFFERNAN

E.O. 12958: DECL: 01/24/2015  
TAGS: [ECON](#) [EFIN](#) [ETTC](#) [PTER](#) [TC](#)  
SUBJECT: UAE TERRORIST FINANCING AND MONEY LAUNDERING LAWS,  
REGULATIONS, AND PROCEDURES

(U) Classified by Ambassador Michele J. Sison, reason 1.4  
(b) and (d).

¶1. (SBU) Summary: Abdelrahim Mohammed Al Awadi, head of the Anti-Money Laundering Unit at the Central Bank (AMLSCU) presented UAE laws and regulations governing money laundering and terrorist financing to USG officials at the Terrorist Financing Subcommittee of the January 11-12 Joint Military Commission. Al Awadi also spoke about US/UAE cooperation and implementation of terrorist financing sanctions against Al Qaida and the Taliban. Additionally, Al Awadi asked several questions related to judicial action on terrorist financing cases. He also provided statistics on Central Bank actions on money laundering. End summary.

¶2. (C) Al Awadi participated actively in the JMC subcommittee, asking the most questions of any of the UAE participants. He pointedly asked how intelligence information could be used to build legal cases, and specifically stated that intelligence information is often classified or unusable in a court system. While acknowledging that UN designations are a useful tool, he seemed interested in exploring other ways to be able to legally justify the freezing of accounts and actions based on intelligence sources.

¶3. (U) Abdelrahim gave a lengthy presentation on the specific UAE laws, regulations, and procedures governing terrorist financing and money laundering:

-- Federal Law No. 3 of 1987 on the Penal Code includes

## Anti-Money Laundering provisions.

-- Regulation No. 14/93 of June 1993 from the Central Bank regarding the opening of bank accounts. The regulation consists of eleven articles including KYC (Know your Customer) provisions and requires financial institutions to oversee transfers in banks and report suspicious transactions. The regulation also stipulates that an NGO cannot open an account without appropriate approval from the Ministry of Labor and Social Affairs. The law requires banks to verify customer documentation, and is meant to prevent banks from opening secret accounts.

-- Regulation No. 163/98 of February 1998 deals with suspicious transactions. It requests banks to provide the Central Bank with information on transactions whose size is not commensurate with the income of the concerned individual, or which does not have an economic cause or clear legal objective.

-- The Central Bank set up a special unit to investigate fraud and suspicious cases in 1998. It became the Anti-Money Laundering and Suspicious Cases Unit (AMLSCU) at Central Bank in 2000. AMLSCU operates under the aegis of the National Anti-Money Laundering Committee.

-- The National Anti-Money Laundering Committee (NAMLC) was set up in November 2000 under the Chairmanship of the Governor of the Central Bank, and includes representatives from the Ministry of Foreign Affairs, Central Bank, Ministry of Justice, Ministry of Finance and Industry, Ministry of Economy and Planning, and Ministry of Interior. NAMLC has responsibility for coordinating anti-money laundering policies in the UAE. After September 11, the NAMLC took on the role of combating terrorism financing in the UAE.

-- Regulation 24/2000 issued in November 2000 lists procedures for preventing money laundering. It expanded requirements on customer identification and reporting of suspicious transactions.

-- A Central Bank Regulation issued in January 2002 requires that individuals (over 18 years of age) declare amounts of cash greater than AED 40,000 imported into the country.

-- Regulation 1815/2001 requests moneychangers to record details of money changing transactions of AED 2,000 or more (\$544), which is the lowest threshold in the world. The regulation also requires moneychangers to verify customer identity.

-- Free Trade Zone Authorities are required to implement procedures related to establishing companies and identifying the persons involved in setting up the companies.

-- 4/2002 Law from January 22, 2002 which criminalizes money laundering.

-- Hawala broker regulations which require hawala dealers to provide the Central Bank with details regarding remittances and to report any suspicious transactions. There are currently 151 hawalas registered, 128 of which have their certificates. The remaining 23 are in the process of completing the Central Bank's requirements.

-- The UAE will host the third Hawala Conference in April 2005

-- Ministry of Economy and Planning issued regulations detailing customer identification and suspicious transactions reporting requirements for insurance companies and brokers, accountants and auditors.

-- The Securities and Commodities Authority issued a regulation concerning procedures for anti-money laundering, which apply to the securities markets licensed in the UAE and their brokers. Settlement of transactions of amounts of AED 40,000 and above are required to be documented with customer verification.

-- Federal Law 1/2004 (issued July 28, 2004) on combating terrorism.

-- Formed a National Anti Terrorism Commission Committee that is governed by Federal Law 1/2004 on Combating Terrorism Offenses.

¶4. (SBU) Al Awadi also stated that the UAE cooperates with the US and other partners in the fight against money laundering and terrorist financing. He mentioned that teams from the UK, Germany, Turkey, Pakistan, and GCC countries have visited the UAE to discuss and implement plans regarding money laundering and terrorist financing. Additionally, the UAE has hosted 78 training sessions, seminars, conferences, and workshops on this topic in recent years.

¶5. (U) The UAE Central Bank has frozen 21 accounts pursuant to UNSCRs on combating terrorist financing since November. In terms of international cooperation, the AMLSCU has responded to 484 requests from counterparts and frozen 23 accounts based on this information. The AMLSCU has referred 88 cases to counterparts and frozen 13 accounts based on the information provided. From December 2000 to November 30, 2004, AMLSCU received reports of 2259 suspicious transactions, 2148 of which were investigated by AMLSCU, the Central Bank, or law enforcement officials. In 27 cases, the Central Bank issued freeze orders and referred the cases to the Public Prosecutor. There are 12 cases currently in the process of prosecution for money laundering. Nine cases are currently in the process of judgment for money laundering and confiscation of proceeds, al Awadi reported.

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